

# KERJAYA PROSPEK GROUP BERHAD

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2017 with reference to the three (3) main principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance (“MCCG”).

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report (“CG Report”). The CG Report was announced together with the Annual Report of the Company on 27 April 2018. Shareholders may obtain the CG Report by accessing this link [www.kerjayagroup.com](http://www.kerjayagroup.com) for further details and are advised to read this overview statement together with the CG Report.

At the start of the financial year 2017, KPGB was not a “Large Company” as defined in the Malaysia Code of Corporate Governance. Overall the Board is of the view that the Company has, in all material aspect, complied with the Principles and Practices as set out in the MCCG. The explanation for the departure of the above mentioned practices are reported in the announced CG Report in Practices 1.3, 4.5 and 6.1 respectively.

### Principle A: Board Leadership and Effectiveness

#### (I) Board Responsibilities

The Board is entrusted for the oversight of overall management of the business affairs of the Group. The Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, for assessing the performance of the Group and its management team.

The Board continues to ensure its effectiveness and to provide strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board performs periodic review of the financial results to overseeing the conduct of the business.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board’s approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards. On this note, the Board has defined its Board Charter and Code of Conduct setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders. The Board has reviewed its Charter on 13 April 2018. The Board Charter, Code of Conducts, Whistleblowing Policy as well as the terms of reference of the Board Committees are published in the Company Corporate website at <http://www.kerjayagroup.com/>.

The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board on the strategic issues of the Group. Presently, the Board Chairman is also the Chief Executive of the Group. The combination of the roles of Chairman and Chief Executive enable the Executive Chairman to

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align the interest of the board, management and shareholders for maximising shareholders' wealth. Nonetheless, half of the Board members are Independent Non-Executive Directors who are able to express objective and independent views to safeguard the interest of minority shareholders.

The Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board Committees shall report to the Board on matters considered and their recommendation thereon and table the minutes of the Board Committees meetings at Board Meetings.

In order to uphold the board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

Further information of the roles and responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2017 are set out in Practice 1.4 of the Company's CG Report.

The Board understand that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The Board ensures that each Director is provided with timely notices. Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

All Board members have unrestricted access to timely and accurate information in furtherance their duties and may seek independent professional advice when necessary in discharging its various duties, at the Company's expense. The Independent Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from management, when needed.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. Upon conclusion of meeting, the Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members at least seven (7) days before the next meetings.

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Code of Conduct is published on the Company's website. In addition, the Group practises "No Gift Policy" in dealing with third parties in order to manage conflicts of interest and corruption.

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The underlying factors of directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the Financial Year, eight (8) Board meetings were held. The record of attendance is as follows:

Directors	Number of Meetings Attended by Directors
Datuk Tee Eng Ho	8/8
Tee Eng Seng	8/8
Datin Toh Siew Chuon	6/8
Khoo Siong Kee	8/8
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	7/8
Lim Kien Lai @ Lim Kean Lai	8/8

Save for Datuk Tee Eng Ho and Mr. Khoo Siong Kee, none of the Directors hold directorship in other listed companies.

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with latest developments in the market place and new statutory and regulatory requirements. The training needs of each Director is assessed and proposed by the respective directors.

Details of trainings attended by the Directors during the Financial Year are as follows:

Name of Directors	Training Programmes	Date
Datuk Tee Eng Ho	<ul style="list-style-type: none"> <li>30% Club Business Leaders Roundtable Meeting</li> <li>Corporate Governance Breakfast Series: Thought Leadership Session for Directors</li> </ul>	10 Oct 2017 13 Oct 2017
Mr. Tee Eng Seng	<ul style="list-style-type: none"> <li>30% Club Business Leaders Roundtable Meeting</li> </ul>	10 Oct 2017
Datin Toh Siew Chuon	<ul style="list-style-type: none"> <li>Companies Act 2016 - Mastering the Impact on Accounting Matters and preparation of Financial Statements</li> <li>30% Club Business Leaders Roundtable Meeting</li> </ul>	26&27 July 2017  10 Oct 2017
Mr. Khoo Siong Kee	<ul style="list-style-type: none"> <li>30% Club Business Leaders Roundtable Meeting</li> <li>Corporate Governance Breakfast Series: Thought Leadership Session for Directors</li> <li>Invitation to Securities Commission Malaysia's Conversation with Audit Committees</li> <li>Share Capital at No Par Value, Share Buybacks and Redeemable Preference Shares; Accounting Implications</li> </ul>	10 Oct 2017  13 Oct 2017  14 Nov 2017  05 Apr 2017

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Name of Directors	Training Programmes	Date
	<ul style="list-style-type: none"> <li>• Comparative Analysis of PERS, NPERS and MFRS Frameworks</li> <li>• National Tax Conference 2017</li> <li>• AOB Conversation with Auditors of Public Interest Entities and Schedule Funds</li> <li>• National Audit Department Seminar 2017</li> <li>• Seminar Percukaian Kebangsaan 2017</li> <li>• MIA Conference 2017</li> <li>• A to Z of Financial Instruments - A Practical Approach to IAS 39 (IFRS9), IAS 32 and IFRS7</li> <li>• Persidangan Juruaudit Koperasi 2017</li> <li>• 2018 Budget Seminar</li> </ul>	<p>12&amp;13 Apr 2017</p> <p>25&amp;26 Jun 2017</p> <p>11 Oct 2017</p> <p>20&amp;24 Oct 2017</p> <p>09 Nov 2017</p> <p>07&amp;08 Nov 2017</p> <p>16&amp;17 Nov 2017</p> <p>21 Nov 2017</p> <p>28 Nov 2017</p>
<p>Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof</p>	<ul style="list-style-type: none"> <li>• An Overview Of The Amendments To Strata Titles Act, Land Acquisition Act And National Land Code, 2016*</li> <li>• Latest Amendments to Strata Title Act 1985, Management of High Rise Buildings And Gated Community*</li> <li>• Konvensyen Memperkukuhkan Pasak Negara: Ke Arah Wasiat Lebih Tersurat'*</li> <li>• Latest Amendments To 2016 National Land Code - Land Dealings &amp; Land Transactions Including Leases and Tenancies Agreement*</li> <li>• Housing Development Act, Planning Requirements for Residential, Commercial And Industrial Development*</li> </ul> <p><i>* Attended as speaker</i></p>	<p>22 Feb 2017 &amp; 26 Feb 2017</p> <p>19 Apr 2017 &amp; 12 Sep 2017</p> <p>5-6 Aug 2017</p> <p>17 Aug 2017</p> <p>16 Nov 2017</p>
<p>Mr. Lim Kien Lai @ Lim Kean Lai</p>	<ul style="list-style-type: none"> <li>• 30% Club Business Leaders Roundtable Meeting</li> <li>• CG Breakfast Series with Directors: Intergrating an Innovation Mindset with Effective Governance</li> </ul>	<p>10 Oct 2017</p> <p>07 Nov 2017</p>

**(II) Board Composition**

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right board composition in enhancing the Board decision making process.

Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals. The Board comprises six (6) members, where half of the Board is Independent Non-Executive Directors. This is in line with Practice 4.1 of the MCGG where it requires non-large company to have at least half of the Board members comprises independent directors. The Board is satisfied with the current composition of the Board in providing a check and balance in the Board as well as diversity of perspectives and views in Board's decision-making process through the composition of Independent Non-Executive Directors on the Board.

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On an annual basis, the Nominaton Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of “independent director” as set out in the MMLR. Each Independent Directors is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

MCCG provides that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the re-designation of the Independent Director as a Non-Independent Director. The Board must justify and seek shareholders’ approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Directors should be judged based on the integrity and objectivity of the Independent Director in discharging his responsibilities and not be determined solely or arbitrary by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof (“Professor Datuk Dr. Nik”) has served the Board as Independent Director for more than nine (9) years. The Board will seek approval from the shareholders of the Company at the forthcoming Annual General Meeting to retain Professor Datuk Dr. Nik as Independent Director based on the Board’s assessment and justifications:-

- He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
- He has vast and diverse range of experiences in property development and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders;
- He has continued demonstrated his independence, integrity and due care during Board meetings; and
- He had not entered into any related party transactions with the Group.

It is provided under Article 90 of the Company’s Constitution, that if the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders’ approval through a two-tier voting process.

At present, the Board does not have formal gender diversity policy. Nonetheless, the Board support the gender diversity policy and has a female Executive Director in the Board. The Board will continue to provide a working environment that is conducive, fair and with equal opportunities within the Group and to commit to zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

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The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board members are as follows. It shall be noted that all Executive Directors are also the top senior management.

	Race/Ethnicity				Nationality		Gender	
	Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female
Executive Director	--	3	--	--	3	--	2	1
Independent and Non-Executive Director	1	2	--	--	3	--	3	--

Age Group	40-49 years	50-59 years	60-69 years	70-79 years
Executive Director	1	2	--	--
Independent and Non-Executive Director	--	--	2	1

Skill	Accounting & Finance Management	Engineering	Legal / Law	Business Management
Executive Director	1	2	--	3
Independent and Non-Executive Director	1	1	1	3

The Nomination Committee is chaired by a Senior Independent Non-Executive Director. Through the Nomination Committee the Board will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nomination Committee before recommending to the Board for further deliberation. The evaluation process may include, reviewing the candidate's resume, biographic information, qualifications, skills, knowledge, expertise, experience, competency and his/her understanding of the Group's business environment.

Any Board Member, while holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a board member of the Company. Before accepting an offer of appointment of other directorships, the Board members must notify the Chairman of the Board.

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The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees.

During the annual assessment exercise, the Directors are given performance evaluation sheet for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Nomination Committee, Remuneration Committee and the Audit Committee are carried out by the Board with the members of the respective committees abstained from deliberation.

### (III) Remuneration

The remuneration policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the Group's and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.

The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. All Directors shall abstain from discussions and decisions on their own remuneration.

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The amount of Directors' fee for the new financial year proposed for the shareholders' approval at the forthcoming AGM is RM171,600. In addition, shareholder's approval will also be sought at the forthcoming AGM for the payment of Directors' benefit (excluding Directors' fees) to the non-executive directors up to an amount of RM50,000 from 29 May 2018 until the next annual general meeting of the Company.

The details of remuneration paid or payable to the Directors for the Financial Year and top three Senior Management are as follows:

Received from Subsidiaries	Datuk Tee Eng Ho (RM'000)	Datin Toh Siew Chuon (RM'000)	Tee Eng Seng (RM'000)
Directors' Fee	--	--	--
Meeting Allowances	--	--	--
Salaries	1,379	888	888
Bonus	813	523	523
Benefits-in-Kind	21	13	21

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Received from Subsidiaries	Datuk Tee Eng Ho (RM'000)	Datin Toh Siew Chuon (RM'000)	Tee Eng Seng (RM'000)
Other Emoluments	230	149	149
<b>Total</b>	<b>2,443</b>	<b>1,573</b>	<b>1,581</b>

Received from the Company	Khoo Siong Kee (RM'000)	Lim Kien Lai @ Lim Kean Lai (RM'000)	Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof (RM'000)
Directors' Fee	66	53	53
Meeting Allowances	9	9	8
Salaries	--	--	--
Bonus	--	--	--
Benefits-in-Kind	--	--	--
Other Emoluments	--	--	--
<b>Total</b>	<b>75</b>	<b>62</b>	<b>61</b>

**IV. Whistleblowing Policy and Procedure**

The Board has established its Whistleblowing Policy & Procedure and encourages employees within the Group to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedure which is published in the Company's website provides and facilitates a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. Stakeholders who knows of, or suspects a violation of this policy may report the incidence and their concerns to Executive Chairman, Datuk Tee Eng Ho by emailing to [teeenghoo@kerjayaprospek.com](mailto:teeenghoo@kerjayaprospek.com).

**Principle B: Effective Audit and Risk Management**

**I. Audit Committee**

The Board has established an effective and independent Audit Committee. The members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the board. When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. None of the present members of the Audit Committee were former audit partners of the Company's auditors.



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With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.

Annually, the Audit Committee will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming AGM for re-appointment. In assessing the External Auditors, the Audit Committee will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.

The Audit Committee will convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. As part of the Audit Committee review processes, the Audit Committee will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Collectively, the Audit Committee possess a wide range of necessary skills to discharge its duties and all members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules in the future.

### **II. Risk Management and Internal Control**

The Board is responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group.

The features of the Group's risk management and internal control framework covering the risk policy, risk appetite, risk assessment and the review process by the Board and Audit Committee and the key internal controls are presented in the Statement on Risk Management and Internal Control of the Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. The Internal Audit Function is carried out by IA Essential Sdn. Bhd. ("IA Essential") an internal audit consulting firm.

The internal audit function is headed by a Director who is assisted by a manager and supported by an audit executive. The Director in charge is a qualified accountant while the rest of the team members are accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee will review the engagement between the Group and IA Essential to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

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### Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

#### I. Communication with Stakeholders

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.

The Group maintains a website at [www.kerjayagroup.com](http://www.kerjayagroup.com) where shareholders or investors may access information on the Group under "Investor Relation" link encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter and code of conduct.

The following personnel have been identified as the investor contact persons of the Group:

Contact Person: (a) Datuk Tee Eng Ho (Executive Chairman)  
(b) Ms. Hun Chew Yong (Finance Manager)

Tel : 603-6277 2480  
Email : [ir@kerjayagroup.com.my](mailto:ir@kerjayagroup.com.my)

Periodically, the Group had also conducted analyst and media briefings during the year to provide detailed explanation and presentation about the business performance of the Group and its prospect.

Shareholders and investors are also encouraged to interact and feedback to the Chairman or any Executive Directors for opinions or concerns. The Board had also identified Mr. Khoo Siong Kee to act as the Senior Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.

Separately, the Company has also reported its Sustainability Statement on this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

#### II. Conduct of General Meetings

AGM remains the principal forum for dialogue with shareholders where they are provided with an opportunity to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group.

The Board had adopted the remuneration of MCCG for the notice of AGM to be given to shareholders at least 28 days prior to the meeting. All Board members will ensure their attendance in the AGM and the respective chairmen of the Board Committees shall attend to questions raised pertaining to their duties.

Explanation for each proposed resolution is set out in the Notice of AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote

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cast in the AGM. The outcome of the AGM will then be announced to Bursa Securities on the same meeting day while the summary of key matters, if any, discussed during the AGM will be posted on the Company website.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

This Statement is made in accordance with the resolution of the Board dated 13 April 2018.